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SUBJECT: ZAGREB ENERGY SUMMIT: ALL TALK, NO SUBSTANCE

(U) Sensitive but unclassified; please handle accordingly.

¶1. (SBU) Summary and Comment: The Zagreb Energy Summit, held on June 24 and attended by Russian President Putin and South East European leaders garnered substantial media attention here, but brought little new to the discussion of regional energy supply. The Summit, organized by Croatian President Mesic, proved an opportunity to reiterate well-known positions, but an effort to draft an agreed Summit statement failed, leaving the organizers to issue a chairman's statement at the event's conclusion. Likewise, Mesic's bilateral discussions with Putin seem not to have brought anything new to the table on economic or political issues. End Summary.

¶2. (SBU) The June 24 Zagreb Energy Summit, the purpose of which many observers here could never quite fathom, lived up to its low expectations. The star of the show (and likely raison d'etre of the event itself), Vladimir Putin, arrived late to deliver remarks to the forum reiterating Russia's unbroken record as an energy supplier and pushing for greater Russian participation in energy infrastructure projects across South East Europe. Putin said that Russia was prepared to continue negotiations on the sale of gas to the region (Croatia has sought greater volumes, which Gazprom has not yet agreed to supply) and the construction of gas storage facilities. He went on to say that Russia was ready to cooperate, particularly in gas and oil, emphasizing that Russia in return expected greater access to regional markets.

¶3. (SBU) Other participants (presidents of Albania, Bosnia and Herzegovina, Bulgaria, Macedonia, Montenegro, Romania and Serbia plus reps of Slovenia, Greece and the EU) emphasized the importance of an uninterrupted supply of energy and the need for the countries of the region to cooperate on energy issues. Serbian President Tadic also used the occasion to reiterate his position on Kosovo.

¶4. (SBU) On the bilateral meeting between Putin and Mesic, we learned that little new ground was broken. Putin complained about the perceived discrimination against Russian business interests in Croatia. The Croatian side had anticipated a strong push from Putin on the Druzhba Adria oil pipeline that apparently did not come. The two presidents also discussed Kosovo, reiterating known positions on that issue. Contrary to some Croatian press reporting, there was no substantive discussion on Bosnia.

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